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| Agency Name: | Department Of Employment And Workforce | | |
| Agency Code: | R600 | Section: | 83 |



Fiscal Year FY 2022-2023

Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

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|---|---|---|
| OPERATING REQUESTS <i>(FORM B1)</i> | For FY 2022-2023, my agency is (mark "X"): | |
| | <input type="checkbox"/> | Requesting General Fund Appropriations. |
| | <input type="checkbox"/> | Requesting Federal/Other Authorization. |
| | <input checked="" type="checkbox"/> | Not requesting any changes. |
| NON-RECURRING REQUESTS <i>(FORM B2)</i> | For FY 2022-2023, my agency is (mark "X"): | |
| | <input checked="" type="checkbox"/> | Requesting Non-Recurring Appropriations. |
| | <input type="checkbox"/> | Requesting Non-Recurring Federal/Other Authorization. |
| | <input type="checkbox"/> | Not requesting any changes. |
| CAPITAL REQUESTS <i>(FORM C)</i> | For FY 2022-2023, my agency is (mark "X"): | |
| | <input type="checkbox"/> | Requesting funding for Capital Projects. |
| | <input checked="" type="checkbox"/> | Not requesting any changes. |
| PROVISOS <i>(FORM D)</i> | For FY 2022-2023, my agency is (mark "X"): | |
| | <input checked="" type="checkbox"/> | Requesting a new proviso and/or substantive changes to existing provisos. |
| | <input type="checkbox"/> | Only requesting technical proviso changes (such as date references). |
| | <input type="checkbox"/> | Not requesting any proviso changes. |

Please identify your agency's preferred contacts for this year's budget process.

| | <u>Name</u> | <u>Phone</u> | <u>Email</u> |
|--|------------------|----------------|------------------------|
| PRIMARY CONTACT: SECONDARY CONTACT: | Shaji Kuriakose | (803) 737-2571 | skuriakose@dew.sc.gov |
| | James Michaelson | (803) 737-0367 | jmichaelson@dew.sc.gov |

I have reviewed and approved the enclosed FY 2022-2023 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

| | <u>Agency Director</u> | <u>Board or Commission Chair</u> |
|-------------------------|------------------------|----------------------------------|
| SIGN/DATE: | | |
| TYPE/PRINT NAME: | | |

This form must be signed by the agency head – not a delegate.

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| Agency Name: | Department Of Employment And Workforce |
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| BUDGET REQUESTS | | | FUNDING | | | | | FTES | | | | |
|---------------------------------|--------------------|--------------------------------------|-------------------------|---------|-----------|------------|---------|----------------------|---------|-----------|------------|-------|
| Priority | Request Type | Request Title | State | Federal | Earmarked | Restricted | Total | State | Federal | Earmarked | Restricted | Total |
| 1 | B2 - Non-Recurring | Be Pro Be Proud Workforce Initiative | 642,500 | 0 | 0 | 0 | 642,500 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTALS | | | 642,500 | 0 | 0 | 0 | 642,500 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

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FORM B2 – NON-RECURRING OPERATING REQUEST

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| AGENCY PRIORITY | 1 |
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Provide the Agency Priority Ranking from the Executive Summary.

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| TITLE | Be Pro Be Proud Workforce Initiative |
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Provide a brief, descriptive title for this request.

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| AMOUNT | \$642,500 |
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What is the net change in requested appropriations for FY 2022-2023? This amount should correspond to the total for all funding sources on the Executive Summary.

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| FACTORS ASSOCIATED WITH THE REQUEST | Mark "X" for all that apply: | |
| | <input type="checkbox"/> | Change in cost of providing current services to existing program audience |
| | <input type="checkbox"/> | Change in case load/enrollment under existing program guidelines |
| | <input type="checkbox"/> | Non-mandated change in eligibility/enrollment for existing program |
| | <input type="checkbox"/> | Non-mandated program change in service levels or areas |
| | <input type="checkbox"/> | Proposed establishment of a new program or initiative |
| | <input type="checkbox"/> | Loss of federal or other external financial support for existing program |
| | <input type="checkbox"/> | Exhaustion of fund balances previously used to support program |
| | <input type="checkbox"/> | IT Technology/Security related |
| | <input type="checkbox"/> | Consulted DTO during development |
| | <input checked="" type="checkbox"/> | Request for Non-Recurring Appropriations |
| | <input type="checkbox"/> | Request for Federal/Other Authorization to spend existing funding |
| <input type="checkbox"/> | Related to a Recurring request – If so, Priority # | |

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| STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES | Mark "X" for primary applicable Statewide Enterprise Strategic Objective: | |
| | <input checked="" type="checkbox"/> | Education, Training, and Human Development |
| | <input type="checkbox"/> | Healthy and Safe Families |
| | <input type="checkbox"/> | Maintaining Safety, Integrity, and Security |
| | <input type="checkbox"/> | Public Infrastructure and Economic Development |
| | <input type="checkbox"/> | Government and Citizens |

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| ACCOUNTABILITY OF FUNDS | <ul style="list-style-type: none"> Be Pro Be Proud is a workforce initiative aimed at educating high school students, parents, and non-traditional students about the high paying and high demand jobs available in the skilled and vocational trades. South Carolina has over 60,000 available jobs, most of which are in the skilled trade professions. This initiative is aimed at recruiting the workforce to fill those available jobs by promoting the jobs themselves as well as the degree and certificate programs that lead to these high paying jobs. Be Pro Be Proud is a mobile demonstration center in order to access all areas of the state, including Abbeville plaintiff districts and rural areas, and provides hands-on displays as well as promotional marketing and online resources to connect students to the necessary training and employers. By promoting the high wages and demand for these jobs SC can increase participation and career readiness attainment in the K-12 system. The initiative is modeled on a very successful program in Arkansas. The website for Arkansas's program will provide a good example of the program's potential https://beprobeproud.org/ The Governor can be found speaking in favor of the program as part of a demonstration on the State House grounds this spring at this link https://www.youtube.com/watch?... |
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

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| | South Carolina Department of Employment and Workforce (DEW) will administer this |
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| RECIPIENTS OF FUNDS | program. |
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

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| JUSTIFICATION OF REQUEST | If funds are not received the DEW will not be able to administer the program. |
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Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM D – PROVISO REVISION REQUEST

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| NUMBER | <div>83.5</div> <div>Cite the proviso according to the renumbered list (or mark "NEW").</div> |
| TITLE | <div>UI Tax System Modernization</div> <div>Provide the title from the renumbered list or suggest a short title for any new request.</div> |
| BUDGET PROGRAM | <div>Unemployment Insurance</div> <div>Identify the associated budget program(s) by name and budget section.</div> |
| RELATED BUDGET REQUEST | <div>N/A</div> <div>Is this request associated with a budget request you have submitted for FY 2022-2023? If so, cite it here.</div> |
| REQUESTED ACTION | <div>Amend</div> <div>Choose from: Add, Delete, Amend, or Codify.</div> |
| OTHER AGENCIES AFFECTED | <div>Department of Administration</div> <div>Which other agencies would be affected by the recommended action? How?</div> |

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| SUMMARY & EXPLANATION | <div>Per requirements set forth in Section 903 (c) (2), SSA, the agency is requesting spending authority necessary to use the proceeds from the sales of real properties containing Reed Act equity.</div> <div>Federal law prescribes the allowable uses and procedures to be followed by states when disposing of property containing federal grant equity. Section 903 (c) (2), SSA, requires state appropriation acts to authorize the use of Reed Act funds, limit the use of the funds exclusively for UI program use, and to specify the purpose and the amount to be used for such purposes. This request for \$2,230,756 of other funds from future sale proceeds will be utilized to fund a portion the agency's unemployment tax system modernization project, including maintenance costs.</div> |
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

The total requested amount of spending authority was determined based on proceeds from sales already executed as well as the potential amount of Reed Act proceeds associated with properties currently listed for sale on state surplus.

Only amounts actually received via the sale of Reed Act properties will be used for this purpose and no general funds will be requested for these efforts.

Up to \$2,230,756 of other funds will be utilized to fund a portion the agency's unemployment tax system modernization project.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

**PROPOSED
PROVISO TEXT**

83.5. (DEW: UI Tax System Modernization)

The Department of Employment and Workforce is authorized to expend up to ~~\$1,158,150~~ 2,230,756 of funds made available to the State under Section 903 of the United States Social Security Act, as amended. The funds must be used under the direction of the Department of Employment and Workforce, for the purpose of acquiring software, equipment, and necessary services to replace the agency's unemployment tax information system with a modern technology solution. No part of the funds herein authorized may be obligated after a two-year period beginning on July 1, ~~2021~~ 2022. The amount obligated pursuant to this provision shall not at any time exceed the amount by which (a) the aggregate of amounts transferred to the accounts of the State pursuant to Section 903 of the Social Security Act exceeds (b) the aggregate of the amounts obligated for administration and paid out for administration and paid out for benefits and required by law to be charged against the amounts transferred to the account of this State.

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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FORM D – PROVISO REVISION REQUEST

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| NUMBER | 83.7 |
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Cite the proviso according to the renumbered list (or mark "NEW").

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| TITLE | GED Incentive Program |
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Provide the title from the renumbered list or suggest a short title for any new request.

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| BUDGET PROGRAM | Workforce Investment Act |
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Identify the associated budget program(s) by name and budget section.

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| RELATED BUDGET REQUEST | NA |
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Is this request associated with a budget request you have submitted for FY 2022-2023? If so, cite it here.

| | |
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| REQUESTED ACTION | Amend |
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Choose from: Add, Delete, Amend, or Codify.

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| OTHER AGENCIES AFFECTED | SC Department of Education |
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Which other agencies would be affected by the recommended action? How?

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| SUMMARY & EXPLANATION | GED Incentive Program – Funds shall be utilized as an incentive for individuals currently drawing unemployment benefits to obtain their GED or high school diploma. |
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

The Department shall issue a one-time payment in the amount of \$500 to the individual upon confirmation from the Department of Education that the individual has successfully received the GED or diploma. These incentive payments shall be issued on a first come first served basis based on completion date, until the funds from this program have been exhausted.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISO TEXT

(DEW: GED Incentive Program) The Department of Employment and Workforce may carry forward unexpended funds allocated for the GED Incentive Program in the prior fiscal year to the current fiscal year. For Fiscal Year 2021-22, of the funds Funds allocated and carried forward to the Department of Employment and Workforce from the Department of Education GED Incentive Program, ~~\$1,500,000~~ shall be utilized as an incentive for individuals currently drawing unemployment benefits to obtain their GED or high school diploma. In order to be eligible, the individual must have an active claim from any of the state or federal unemployment insurance programs and be a South Carolina resident who is at least nineteen years of age. The individual must certify to the department that they do not currently hold a GED or high school diploma from any state. They must also enroll in and complete the GED or high school diploma course work prior to ~~June 1, 2022~~ June 1, 2023. The Department of Employment and Workforce shall enter into a data-sharing agreement with the Department of Education to cross match eligibility to ensure that participants do not currently hold a GED or high school diploma and to confirm that the individual enrolled in and completed the diploma process to obtain the GED or high school diploma. The Department of Employment and Workforce shall issue a one-time payment in the amount of \$500 to the individual upon confirmation from the Department of Education that the individual has successfully received the GED or diploma. These incentive payments shall be issued on a first come first served basis based on completion date, until the funds from this program have been exhausted. Funds allocated for this incentive program shall not be transferred or utilized for any other purpose. ~~Unexpended funds shall be remitted to the General Fund at the end of the current fiscal year.~~

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION CONTINGENCY PLAN

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| TITLE | Agency Cost Savings and General Fund Reduction Contingency Plan |
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| AMOUNT | \$15,140 |
| | <i>What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.</i> |

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| ASSOCIATED FTE REDUCTIONS | No FTE elimination would be required by the reduction. |
| | <i>How many FTEs would be reduced in association with this General Fund reduction?</i> |

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| PROGRAM / ACTIVITY IMPACT | DEWs only general funds appropriation supports the Work Ready program. The South Carolina Department of Employment and Workforce administers a statewide work ready program. DEW is responsible for managing the multi-agency workforce and economic development effort, tracking the progress of counties reaching certification levels and providing technical assistance as needed. Public and private sector leaders to include local educators, elected officials, chambers of commerce, economic developers, workforce development boards, government agencies and businesses are the drivers of the program. The impact will equate to administering approximately 605 fewer assessments for job seekers and businesses of South Carolina. |
| | <i>What programs or activities are supported by the General Funds identified?</i> |

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| SUMMARY | General fund reduction of \$15,140 would equate to approximately 605 fewer assessments being administered during the 2022-2023 fiscal year. This is based on the current pricing of \$25.00 per assessment. |
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Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

AGENCY COST SAVINGS PLANS

What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

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FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

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| TITLE | Modernization of South Carolina Benefits and Tax System |
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Provide a brief, descriptive title for this request.

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| EXPECTED SAVINGS TO BUSINESSES AND CITIZENS | Modern benefits and tax system will focus on the integrity of unemployment benefits claims submitted for the state of South Carolina and taxes assessed & collected from employer. This directly impacts citizens and businesses because of the calculated tax rate settings are based on the claims submitted. Improper payments affect the tax rate settings for citizens and businesses. Through identifying improper payments with this new technology, the rate would thus decrease, saving time and money for citizens and businesses. |
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What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.

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| FACTORS ASSOCIATED WITH THE REQUEST | Mark "X" for all that apply: | |
| | <input type="checkbox"/> | Repeal or revision of regulations. |
| | <input type="checkbox"/> | Reduction of agency fees or fines to businesses or citizens. |
| | <input checked="" type="checkbox"/> | Greater efficiency in agency services or reduction in compliance burden. |
| | <input type="checkbox"/> | Other |

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| METHOD OF CALCULATION | <p>The retirement of legacy benefits and tax system has allowed the agency to eliminate nearly \$3M of the annual software, hardware, support, consulting, and personnel costs associated with the operations of a mainframe computing environment.</p> <p>SCUBI (the agency's UI benefits modernized system) has saved the agency thousands of staff hours to complete tasks and there are many other additional benefits we derive from the new system. With the historic increase in UI claims filed because of Covid-19 the staff time saved processing unemployment claims was immense.</p> <p>The agency has gained enormous efficiencies with new State Unemployment Insurance Tax System (SUITS). The increase in self-service by employers, an increase in electronic wage report filings, and more tax payments being processed using an electronic payment have saved thousands of staff hours, and has resulted in an estimated annual savings of over \$2 million.</p> |
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Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.

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| REDUCTION OF FEES OR FINES | N/A |
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Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

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| REDUCTION OF REGULATION | N/A |
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Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

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| | <p>The retirement of legacy benefits and tax systems has allowed the agency to eliminate nearly \$3M of the annual software, hardware, support, consulting, and personnel costs associated with the operations of a mainframe computing environment. With the historic increase in UI claims filed because of Covid-19 the staff time saved processing unemployment claims was immense.</p> |
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SUMMARY

Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?